

Fund Balances

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Purpose

In order to ensure the observance of limitations and restrictions placed on the use of available resources, the Associated Students, Incorporated maintains its accounts in accordance with the principles of "fund accounting." Resources are classified for accounting and reporting purposes into fund groups that characterize the sources of revenue and specific activities or objectives of those resources. Separate accounts are maintained for each fund. ASI's Policy on Fund Balances delineates the purpose and organization of the various fund balances and the disposition of net assets for each fund.

Policy Statement

It is the policy of the Associated Students to classify net assets for accounting and reporting purposes into separate fund balances, segregated by the activity or purpose for which the funds are intended. Permanently restricted and temporarily restricted net assets shall be maintained at all times in accordance with donor restrictions and any other legal obligations. Financial statement presentation shall follow Statement of Financial Accounting Standards (SFAS) No. 117, which requires ASI to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Who Should Know This Policy

- | | | |
|--|--|---|
| <input type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input type="checkbox"/> Program Advisors | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Designated Funds	Any portion of unrestricted net assets set aside for a specific purpose by action of the Board of Director.
Non-recurring expenditures	Expenditures that are not normally included as part of the annual operating budget due to their exceptionality (e.g. one-time opportunities, unforeseen emergencies, etc.)
Restricted Funds	Funds that can only be used for specified purposes, usually as part of endowment agreement, grant, or other restricted gift.
Sub-Fund	That portion of an unrestricted fund that has been earmarked for specific purposes, but whose designation for such purposes is not legally binding on the organization.
Unrestricted Funds	Funds that may be used for any purpose deemed appropriate for the organization by the Board of Directors.

Regulations

1.0 Unrestricted Funds

Unrestricted Funds include the General Fund, Plant Fund, and Designated Fund.

1.1 Associated Students General Fund

The Associated Students General Fund shall be maintained to account for all financial resources except those required to be accounted for in another fund. Fee income for this fund

is derived from the mandatory Associated Students fee. The fund supports the organization's primary programs of student governance, student activities, and student services, including childcare. It also funds the administrative expenses of the Associated Students corporation.

1.1.1 Student Organizations Sub-fund

The Student Organizations Sub-fund shall be maintained to account for the proceeds from the Student Activity Fee referendum, approved by the student body in Spring 1999. This referendum increased the Associated Students fee by \$6 per semester to be used exclusively for the funding of programs, activities, and operating expenses of student organizations. A small portion of the fund shall be set aside annually to fund financial aid programs.

1.1.2 Beach Pride Sub-fund

The Beach Pride Sub-fund shall be maintained to account for the proceeds from the Beach Pride Referendum, approved by student body referendum in Spring 2000. This referendum increased the Associated Students by \$21 per semester to "avert further elimination or budget cuts of current athletic programs." The Beach Pride Sub-fund provides resources for athletic scholarships, campus spirit programs, and recreational sports, including club sports and intramurals.

1.2 University Student Union General Fund

The University Student Union General Fund shall be maintained to account for all financial resources accumulated for ASI's operation of the University Student Union facility and its related programs and services. Student fees collected for this fund are derived from the mandatory University Student Union fee.

1.3 Plant Fund

The Plant Fund shall be maintained to account for the acquisition of physical properties and for funds expended and invested in physical properties. The fund balance shall represent the net value of all current fixed assets after depreciation.

1.4 Designated Funds

Designated Funds represent those net assets which have been set aside into reserve accounts by the Board of Directors for a specific purpose. Fund balances in the Designated Fund shall be maintained at levels prescribed in the Policy on Reserves. Should the amount of designated funds drop below the levels prescribed in the Policy on Reserves, the designated funds shall be replenished from the retained earnings account. Should the balance in Retained Earnings be insufficient to restore reserves to their prescribed levels, funds shall be transferred from the current year operating budget.

1.4.1 Allocations from Designated Funds

A 2/3 vote of the Board of Control, or USUBOT, and Senate shall be required to allocate funds from the Designated Fund. When accepting either Board of Control or USUBOT minutes, the Senate will consider these items separately and must approve the items by a 2/3 affirmative vote.

2.0 Restricted Funds

Restricted Funds (both Temporarily and Permanently Restricted) are those funds that can only be used for specified purposes. These usually include donor funds and grants, which have been given for restricted purposes. In addition, the board may launch campaigns to solicit donations for specific projects. When solicitation is made for a stated purpose, the donation made in response to the solicitation can be considered restricted even if the donor does not state specifically in the letter of transmittal that it is restricted.

2.1 Campus Programs Fund

Monies administered by the Associated Students, Incorporated, on behalf of campus organizations over which the ASI has no budgetary nor programmatic control shall be maintained in the Campus Programs Fund. The fund balance of the Campus Programs Fund shall be recorded as a liability.

2.2 Endowment Funds

2.2.1 Temporarily Restricted

Temporarily restricted funds are those funds that have been donated to ASI with certain stipulations placed upon their usage by the donor (e.g. to be used by a certain time, to be used for a certain program, to be used for the purchase of a piece of equipment.) The ASI Development Office shall maintain appropriate records of the restrictions placed on donations by donors, and shall be responsible for the proper application of the funds.

2.2.2 Permanently Restricted

Permanently restricted funds are those funds that must be held in perpetuity by stipulation of the donor. The principal donation may never be used. The income earned from the donation however can then be either temporarily restricted or unrestricted. Permanently Restricted Funds are the true Endowment Funds.

3.0 Disposition of Net Assets

3.1 General Fund

Net assets from the Associated Students General Fund (including any sub-funds) and University Student Union General Fund shall be recorded to the respective Retained Earnings accounts at year end. Retained Earnings shall be initially used to restore Designated Fund balances to their prescribed levels. Once all Designated Fund obligations have been met, the Board of Control, or USUBOT, and Senate may allocate the remaining Retained Earnings for whatever purposes deemed appropriate. However, the total of all allocations made from Retained Earnings in any one year may not exceed 5% of the adopted current year budget for respective student fee income accounts.

3.2 Campus Programs Fund

Net assets from the Campus Programs Funds remaining at year end shall be recorded to the respective accounts of each campus organization whose monies are administered by the Associated Students, Incorporated.

3.3 Restricted Funds

3.3.1 Retained Earnings - Los Angeles Universal Preschool

Per the terms and conditions of ASI's contract with the Los Angeles Universal Preschool (LAUP), net assets remaining at year end from the operation of the LAUP program shall be recorded to a separate retained earnings account. These funds shall be made available for current year operations, equipment purchases, and capital outlay projects consistent with the restrictions of the funding agency and authorized by the Isabel Patterson Child Development Center Board of Trustees.

3.3.2 Endowment Funds

Net assets remaining from the principal amount of endowment contributions at year end shall be recorded to the Permanently Restricted Net Assets account. Interest income earned in excess of the payout amount authorized for expenditure shall be recorded to the Temporarily Restricted Net Assets account.

Forms

There are no forms associated with the execution of this policy.